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Spain

Poultry and Products

Bird Flu and its effects in Spain

2005

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Report Highlights:

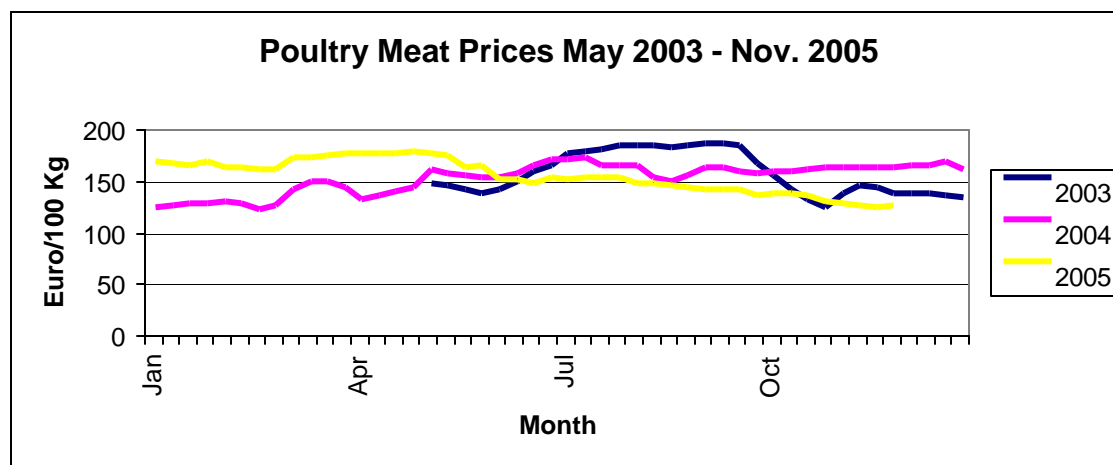
The Spanish government is preparing for the possibility of a bird flu outbreak, while attempting to buoy consumer poultry meat demand by distributing consumer information about the safety of poultry meat. Spanish poultry producers and processors claim that the bird flu scare has resulted in lower-than-traditional prices, and are calling for the Government to provide compensation payments. (JT25SH1)

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Madrid [SP1]
[SP]

According to local sources, the bird flu scare has resulted in a short-lived reduction in poultry meat consumption during late October and early November; however, it appears that Spanish Government efforts to allay consumer fears, a reduction in poultry-meat prices, and consumer loyalty may have mitigated the potential for a medium-to-long-term consumption downturn. A Spanish Government press release dated December 1, 2005, states, “for the 3rd week of November, poultry meat consumption is up 13 percent over the same week in 2004.” The press release states that some of the increase in consumption can be attributed to the effects of a large governmental public information campaign, in place during all of last month, to make local farmers, processors, and consumers aware of the safety of Spanish poultry meat, given the measures implemented by the Government. This effort included the production of 150,000 pamphlets distributed to farmers and processors identifying how to recognize the Avian Flu in a poultry flock.

Spanish poultry producers remain unconvinced, as demonstrated in a statement from the secretary general of the Spanish poultry association, declaring that, “if the Spanish Government does not adopt measures to support the poultry industry this week, there will be a total and complete collapse of the industry, including the closure of many slaughterhouses, farms and a loss of jobs.” The association says that poultry prices are about .50 Euros per kilogram below the cost of production and asks the Spanish government to begin to make emergency payments before it is too late.

The price data provided by the Spanish Ministry of Agriculture in the chart below indicates that the current poultry price is about 33 percent below the price at this same time last year, while only slightly below the 2003 price. The Spanish poultry association believes that this year's historically low price, for this time of the year, is directly connected to the bird flu scare and, as a result, has called on the Government to take immediate action to assist the thousands of poultry producers in Spain.



Source: Spanish Ministry of Agriculture

<http://www.mapa.es/es/estadistica/pags/preciostestigo/frgraficos.asp?codigo=16>

*This particular data set of “at market” prices is not available prior to May 2003.

While the Government has made a concerted effort to buoy poultry meat consumption, Government officials have also dedicated resources to minimizing the possibility of bird flu contagion in Spain. We expect that the Government officials will continue to hold regular meetings of its bird flu monitoring committees, including the inter-ministerial commission for security and information related to bird flu (the commission is an attempt to coordinate the Government's efforts across all ministries related to bird flu and report the Government's efforts in combating the potential problems), and that they will continue to adhere to any new decisions from the European Commission.